

§§ 761.1–761.6 [Reserved]

§ 761.7 Appraisals.

(a) *General.* This section describes requirements for:

(1) real estate and chattel appraisals made in connection with the making and servicing of direct Farm Loan Program and nonprogram loans; and,

(2) appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed Farm Loan Program and nonprogram loans.

(b) *Definitions.*

*Administrative appraisal review* means a review of an appraisal to determine if the appraisal:

(1) Meets applicable Agency requirements; and

(2) Is accurate outside the requirements of standard 3 of USPAP.

*Agency* means the Farm Service Agency, including its employees and state and area committee members, and any successor agency.

*Farm Loan Programs (FLP) loans* refers to Farm Ownership (FO), Soil and Water (SW), Recreation (RL), Economic Opportunity (EO), Operating (OL), Emergency (EM), Economic Emergency (EE), Softwood Timber (ST), and Rural Housing loans for farm service buildings (RHF).

*Technical appraisal review* means a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to standard 3 of USPAP.

*USPAP (Uniform Standards of Professional Appraisal Practice)* means standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

(c) *Appraisal standards.* (1) *Real estate.* Real estate appraisals, technical appraisal reviews of real estate appraisals, and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific Farm Loan Program activity involved. A current copy of USPAP along with other applicable appraisal procedures and regulations is available for review in each Agency State Office.

(2) *Chattel.* An appraisal of chattel property may be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

(d) *Use of an existing real estate appraisal.* The Agency may use an existing real estate appraisal to reach a loan making or servicing decision under either of the following conditions:

(1) The appraisal was completed within the previous 12 months and the Agency determines that:

(i) The appraisal meets the provisions of this section and the applicable Agency loan making or servicing requirements, and

(ii) Current market values have remained stable since the appraisal was completed; or

(2) The appraisal was not completed in the previous 12 months, but has been updated by the appraiser or appraisal firm that completed the appraisal, and both the update and original appraisal were completed in accordance with USPAP.

(e) *Appraisal reviews.* (1) *Real estate appraisals.* With respect to a real estate appraisal, the Agency may conduct a technical appraisal review or an administrative appraisal review, or both.

(2) *Chattel appraisals.* With respect to a chattel appraisal, the Agency may conduct an administrative appraisal review.

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